

Article - Insurance

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§16–308.

(a) This section does not apply to a policy of life insurance issued on or after the operative date of § 16–309 of this subtitle.

(b) (1) This subsection does not apply to a policy governed by subsection (c) or (d) of this section.

(2) (i) For policies of ordinary life insurance, the adjusted premiums and present values referred to in this subtitle shall be calculated based on the Commissioners 1941 Standard Ordinary Mortality Table.

(ii) Any differential based on sex shall reflect actuarial expectancies and is subject to the Commissioner's approval.

(3) For policies of industrial life insurance, the adjusted premiums and present values referred to in this subtitle shall be calculated based on the 1941 Standard Industrial Mortality Table.

(4) Adjusted premiums and present values shall be calculated at an interest rate, not exceeding a rate of 3.5% per year, specified in the policy for calculating cash surrender values and paid-up nonforfeiture values.

(5) In the calculation of the present value of paid-up term insurance with any accompanying pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed may not exceed 130% of the rates of mortality according to the applicable table.

(6) In the calculation of adjusted premiums and present values for insurance issued on a substandard basis, the adjusted premiums and present values may be calculated based on another mortality table specified by the insurer and approved by the Commissioner.

(c) (1) This subsection applies to policies of ordinary life insurance issued:

(i) on or after January 1, 1966, but before the operative date of § 16–309 of this subtitle; or

(ii) on an operative date from June 2, 1959, to December 31, 1965, both inclusive, as specified by the insurer if the insurer filed with the Commissioner written notice of an election to comply with this subsection on a date before January 1, 1966.

(2) For policies of ordinary life insurance, the adjusted premiums and present values referred to in this subtitle shall be calculated based on the Commissioners 1958 Standard Ordinary Mortality Table and the rate of interest specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits.

(3) Adjusted premiums and present values shall be calculated at an interest rate specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, not exceeding a rate of:

(i) 3.5% per year for policies issued on or before June 30, 1978;

(ii) 4% per year for policies issued from July 1, 1978, to June 30, 1980, both inclusive; or

(iii) 5.5% per year for policies issued on or after July 1, 1980.

(4) Adjusted premiums and present values calculated for any category of ordinary life insurance issued on female risks may be calculated according to an age not more than 6 years younger than the actual age of the insured.

(5) In the calculation of the present value of paid-up term insurance with any accompanying pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed may not exceed the rates in the Commissioners 1958 Extended Term Insurance Table.

(6) In the calculation of adjusted premiums and present values for insurance issued on a substandard basis, the adjusted premiums and present values may be calculated based on another mortality table specified by the insurer and approved by the Commissioner.

(d) (1) This subsection applies to policies of industrial life insurance issued:

(i) on or after January 1, 1968, but before the operative date of § 16-309 of this subtitle; or

(ii) on an operative date from January 1, 1964, to December 31, 1967, both inclusive, as specified by the insurer if the insurer filed with the

Commissioner written notice of an election to comply with this subsection on a date before January 1, 1968.

(2) For policies of industrial life insurance, the adjusted premiums and present values referred to in this subtitle shall be calculated based on the Commissioners 1961 Standard Industrial Mortality Table and the rate of interest specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits.

(3) Adjusted premiums and present values shall be calculated at an interest rate specified in the policy for calculating cash surrender values and paid-up nonforfeiture benefits, not exceeding a rate of:

(i) 3.5% per year for policies issued on or before June 30, 1978;

(ii) 4% per year for policies issued from July 1, 1978, to June 30, 1980, both inclusive; or

(iii) 5.5% per year for policies issued on or after July 1, 1980.

(4) In the calculation of the present value of paid-up term insurance with any accompanying pure endowment offered as a nonforfeiture benefit, the rates of mortality assumed may not exceed the rates in the Commissioners 1961 Industrial Extended Term Insurance Table.

(5) In the calculation of adjusted premiums and present values for insurance issued on a substandard basis, the adjusted premiums and present values may be based on another mortality table specified by the insurer and approved by the Commissioner.

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